

Message Text

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ACTION EUR-12

INFO OCT-01 IO-13 ISO-00 AID-05 CEA-01 CIAE-00 COME-00
EB-08 EA-07 FRB-03 INR-07 NEA-10 NSAE-00 OPIC-03
SP-02 TRSE-00 LAB-04 SIL-01 AGRE-00 OMB-01 EURE-00
NSC-05 SS-15 STR-04 DODE-00 NSCE-00 SSO-00 USIE-00
INRE-00 OIC-02 /104 W
-----231650 013687 /45

O R 231615Z FEB 77
FM USMISSION OECD PARIS
TO SECSTATE WASH DC IMMEDIATE 5431
INFO ALL OECD CAPITALS 0708
USMISSION GENEVA
USDEL MTN GENEVA

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E.O. 11652: N/A
TAGS: ETRD, OECD
SUBJECT: TRADE PLEDGE: OECD TRADE COMMITTEE WORKING
PARTY (TCWP) MEETING FEB. 22

1. SUMMARY: EXCHANGE OF VIEWS ON SECRETARIAT'S
OPTIONS PAPER, IN WHICH EC AND JAPAN PARTICIPATED TO
ONLY LIMITED EXTENT, REVEALED THAT OECD MEMBERS IN
GENERAL REMAIN OPEN MINDED WITH RESPECT TO OPTIONS
FOR FUTURE OF TRADE PLEDGE. NUMBER OF DELEGATIONS
(INCLUDING EC) INDICATED, HOWEVER, THAT THEIR PRE-
LIMINARY THINKING WAS LEANING IN DIRECTION OF A THIRD
RENEWAL OF THE EXISTING PLEDGE, POSSIBLY WITH
MODIFICATION OF "COMMENTS" ACCOMPANYING IT. LITTLE
INTEREST WAS EXPRESSED IN OPTION OF "GENERAL
DECLARATION", (THOUGH EC LEFT DOOR OPEN ON THIS), IN
IMPROVING PROCEDURES, OR IN PUTTING TRADE COMMITMENTS
IN BROADER CONTEXT EXCEPT BY US (AND ON LAST POINT
FINLAND AND NEW ZEALAND). HIGHLIGHTS OF DISCUSSION
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ARE REPORTED BELOW. SECRETARIAT WILL REVISE PAPER TO
TAKE ACCOUNT OF VIEWS EXPRESSED AND FORWARD TO TRADE
COMMITTEE FOR USE AT ITS MEETING MARCH 22-23. END
SUMMARY.

2. ASIDE FROM LONELY UK COMMENT THAT SIMPLE NON-
RENEWAL OF PLEDGE SHOULD ALSO BE INCLUDED IN TRULY

COMPREHENSIVE OPTIONS PAPER, UNDERLYING ASSUMPTION OF WORKING PARTY'S DISCUSSIONS WAS CLEARLY THAT SOMETHING LIKE TRADE PLEDGE WAS STILL VERY MUCH NEEDED, IF NOT MORE NECESSARY THAN EVER. AS FOR SPECIFIC OPTIONS, MOST DELS (INCLUDING US) INDICATED THEIR GOVERNMENTS ARE STILL STUDYING THE VARIOUS ALTERNATIVES, BUT SOME POINTED OUT DIRECTION IN WHICH THEIR THINKING WAS LEANING. EC (IN ITS VIRTUALLY ONLY SUBSTANTIVE COMMENT OF THE MEETING) SAID ITS REFLECTIONS WERE ORIENTED MAINLY TOWARD A THIRD RENEWAL OF THE PLEDGE, WITHOUT HOWEVER EXCLUDING OPTION 2 (A GENERAL DECLARATION). CANADA TENDED TO FAVOR RENEWAL WITH UPDATED "COMMENTS" AND THEN RECONSIDERATION OF OPTIONS AFTER MTN HAD BEEN COMPLETED. SWEDISH DEL SAID THAT CONCLUSION AT OFFICIAL LEVEL WAS THAT "PROLONGATION UNTIL FURTHER NOTICE" OF PLEDGE WOULD BE A GOOD COURSE. JAPANESE DEL LEFT ALL OPTIONS OPEN BUT EXPRESSED DOUBT THAT EXISTING "COMMENTS" COULD BE MODIFIED. AUSTRALIA, AUSTRIA, NORWAY, AND SWITZERLAND ALL INDICATED GENERAL LEANING IN FAVOR OF RENEWAL, WITH VARYING DEGREES OF INTEREST IN MODIFYING "COMMENTS" AND PREPAREDNESS TO CONSIDER OTHER OPTIONS. THESE DELS AND CANADA HAD LOW OPINION OF VIABILITY OF THE "GENERAL DECLARATION" OPTION, AND GENERALLY AGREED WITH ARGUMENTS OF SECRETARIAT THAT ADOPTION OF THIS COURSE WOULD AMOUNT TO OR APPEAR AS ABANDONMENT OF PLEDGE DISCIPLINE.

3. US DEL ARGUED TO CONTRARY, POINTING OUT THAT LIMITED OFFICIAL USE

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GENERAL DECLARATION, PARTICULARLY IF UNDERTAKEN IN BROADER ECONOMIC CONTEXT AND WITH IMPROVED PROCEDURES, COULD RESULT IN STRENGTHENING OF TRADE COOPERATION. US, WITH SOME SUPPORT FROM FINNS AND UK, URGED SECRETARIAT TO REDRAFT THIS SECTION OF PAPER TO PROVIDE MORE NEUTRAL ANALYSIS SO AS TO GIVE GOVERNMENTS FULL RANGE OF CHOICES FOR LATER DECISIONS. SECRETARIAT'S OPTION 3 (NEW INSTRUMENT) RECEIVED LITTLE COMMENT, EXCEPT POSITIVE SUPPORT VOICED BY NEW ZEALAND (AND TACITLY BY FINLAND) FOR VERSION COVERING BOTH TRADE AND ECONOMIC POLICY. REGARDING THE QUESTION OF THE CREDIBILITY OF VARIOUS OPTIONS, THE GROUP GENERALLY AGREED THAT IT WAS THE POLITICAL WILL OF GOVERNMENTS TO LIVE UP TO A STRONG TRADE POLICY DISCIPLINE WHICH WAS IMPORTANT, AND THAT THE QUESTION OF PRESENTATION OF WHATEVER OPTION WAS CHOSEN SHOULD BE TACKLED AS A SEPARATE ISSUE.

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NSC-05 SS-15 STR-04 DODE-00 NSCE-00 SSO-00 USIE-00
INRE-00 OIC-02 /104 W

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O R 231615Z FEB 77
FM USMISSION OECD PARIS
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4. IMPROVEMENT IN PROCEDURES: SEVERAL DELS -- EC,
UK, AUSTRALIA, FRANCE AND NEW ZEALAND -- DID NOT SEE
RELEVANCE OF DISCUSSING IMPROVEMENTS IN SURVEILLANCE
PROCEDURES IN SAME CONTEXT AS PLEDGE ITSELF,
AND INDICATED OPPOSITION TO ANYTHING SMACKING OF
REPLACING PLEDGE BY BETTER PROCEDURES. US DEL ARGUED
THAT POTENTIAL FOR IMPROVED SURVEILLANCE AND COORDINA-
TION SHOULD BE INTEGRAL PART OF CONSIDERATION OF OPTIONS
FOR FUTURE TRADE COOPERATION IN OECD, AND STATED US
INTEREST IN EXPLORING IDEAS FOR GREATER SCOPE AND
CONTENT FOR NOTIFICATIONS AND IMPROVED COORDINATION OF
ECONOMIC AND TRADE BODIES OF THE ORGANIZATION. SWEDEN,
SWITZERLAND, CANADA AND JAPAN TOOK GENERALLY POSITIVE
ATTITUDE ON PROCEDURES QUESTION, BUT WERE NOT VERY
OPTIMISTIC IT WOULD BE POSSIBLE TO IMPROVE THEM.
THERE WAS BROAD CONSENSUS THAT PROPOSALS IN PAPER ON
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PRIOR NOTIFICATION AND "EARLY WARNING SYSTEM" WERE NOT PROMISING.

5. TRADE COMMITMENTS IN BROADER ECONOMIC CONTEXT:
WHILE NEW ZEALAND, FINLAND, AND US EXPRESSED INTEREST IN THIS IDEA, SEVERAL OTHER DELS (CANADA, SWEDEN, SWITZERLAND, NORWAY, AUSTRALIA) WERE NEGATIVE, MAINLY ON GROUNDS THAT IT WOULD BE DIFFICULT TO NEGOTIATE ANYTHING COMPREHENSIVE. EC AND MEMBERS DID NOT COMMENT ON POINT. JAPAN SUGGESTED QUESTION COULD ONLY BE CONSIDERED AFTER DISCUSSION BY XCSS. SWISS URGED OECD UNDERTAKE THOROUGH STUDY OF RELEVANCE OF TRADE MEASURES UNDER SYSTEM OF FLEXIBLE EXCHANGE RATES (ANALOGOUS TO 1971 REPORT ON TRADE MEASURES AND BOP ADJUSTMENT) TO FORM BASIS FOR A MORE RATIONAL ASSESSMENT OF THE INTERLINKAGES AT A LATER TIME. NEW ZEALAND INDICATED PREFERENCE FOR SECRETARIATS' OPTION 3(2) -- A NEW INSTRUMENT COVERING BOTH TRADE AND DOMESTIC POLICY COMMITMENTS -- BUT STATED THAT FOR GNZ FORM WAS SUBSIDIARY TO RESULTS AND OTHER WAYS OF ACHIEVING SAME CONNECTION WOULD BE ACCEPTABLE.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: COMMITTEE MEETINGS, TRADE AGREEMENTS
Control Number: n/a
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Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977OECDP05358
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770062-1145
Format: TEL
From: OECD PARIS
Handling Restrictions: n/a
Image Path:
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Legacy Key: link1977/newtext/t19770217/aaaaapjo.tel
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Litigation History:
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Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
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Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3253216
Secure: OPEN
Status: NATIVE
Subject: TRADE PLEDGE: OECD TRADE COMMITTEE WORKING PARTY (TCWP) MEETING FEB. 22
TAGS: ETRD, OECD
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/5f2b61c0-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009